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CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Financial Report

Year Ended June 30, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-29-06

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INDEPENDENT ACCOUNTANT'S REPORT

The Honorable Terry G. Breaux, Judge
City Court of the City of Franklin
Franklin, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of City Court of the City of Franklin (hereinafter "City Court") as of June 30, 2005, which collectively comprise City Court's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A review consists of inquiries of personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are unaware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The budgetary comparison information on pages 23 and 24 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we are not aware of any material modifications that should be made thereto.

City Court has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is required to supplement, although not required to be part of, the basic financial statements.

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Our review was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented only for supplementary analysis purposes. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 27, 2005

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 20,956
Accounts receivable, net	9,213
Due from other governmental units	<u>944</u>
Total current assets	31,113
Noncurrent assets:	
Capital assets, net	<u>11,081</u>
Total assets	<u>42,194</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,441
Due to other governmental units	<u>8,500</u>
Total liabilities	<u>11,941</u>
NET ASSETS	
Invested in capital assets	11,081
Unrestricted	<u>19,172</u>
Total net assets	<u>\$ 30,253</u>

The accompanying notes are an integral part of the financial statements.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Activities
Year Ended June 30, 2005

Activities	Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Net (Expense)/Revenue and Changes in Net Assets
Governmental activities:				
General government	\$ 130,156	\$ 49,645	\$ 80,626	\$ 115
			General revenues:	
			Interest and investment earnings	199
			Miscellaneous	165
			Total general revenues	364
			Change in net assets	479
			Net assets - July 1, 2004	29,774
			Net assets - June 30, 2005	\$ 30,253

The accompanying notes are an integral part of the financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTION

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Balance Sheet
Governmental Fund
June 30, 2005

	<u>General Fund</u>
ASSETS	
Cash and interest bearing deposits	\$ 20,956
Accounts receivable, net	9,213
Due from other governmental units	<u>944</u>
Total assets	<u>\$ 31,113</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 3,441
Due to other governmental units	<u>8,500</u>
	11,941
Fund balance:	
Unreserved - undesignated	<u>19,172</u>
Total liabilities and fund balance	<u>\$ 31,113</u>

The accompanying notes are an integral part of the financial statements.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
June 30, 2005

Total fund balance for the governmental fund at June 30, 2005		\$ 19,172
Cost of capital assets at June 30, 2005	\$ 45,550	
Less: Accumulated depreciation	<u>(34,469)</u>	<u>11,081</u>
Total net assets of governmental activities at June 30, 2005		<u>\$ 30,253</u>

The accompanying notes are an integral part of the financial statements.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended June 30, 2005

	<u>General Fund</u>
Revenues:	
Fees, charges and commissions -	
Court costs, fees, and fines	\$ 49,645
Intergovernmental	80,626
Interest income	199
Miscellaneous	<u>165</u>
Total revenues	<u>130,635</u>
Expenditures:	
Current-	
General government-	
Operating services	117,228
Professional services	2,902
Materials and supplies	2,126
Travel and other charges	<u>4,963</u>
Total expenditures	<u>127,219</u>
Excess of revenues over expenditures	3,416
Fund balance, beginning	<u>15,756</u>
Fund balance, ending	<u>\$ 19,172</u>

The accompanying notes are an integral part of the financial statements.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
Year Ended June 30, 2005

Total net change in fund balance for the year ended June 30, 2005 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 3,416
Depreciation expense for year ended June 30, 2005	<u>(2,937)</u>
Total change in net assets for the year ended June 30, 2005 per Statement of Activities	<u>\$ 479</u>

The accompanying notes are an integral part of the financial statements.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Statement of Fiduciary Net Assets
June 30, 2005

	<u>Agency Funds</u>
ASSETS	
Cash and interest-bearing deposits	\$ 62,901
Due from litigants	<u>1,795</u>
Total assets	<u>\$ 64,696</u>
LIABILITIES	
Due to litigants	\$ 60,258
Due to other governmental units	<u>4,438</u>
Total liabilities	<u>\$ 64,696</u>

The accompanying notes are an integral part of the financial statements.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

INTRODUCTION

City Courts are created under the authority of LSA-RS 13:1871 et seq. The City Court of the City of Franklin (hereinafter "City Court") accounts for the operation of the court's office.

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of City Court conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

Such accounting and reporting principles also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

A. Financial Reporting Entity

The city court judge is an independently elected official. However, City Court is fiscally dependent on the City of Franklin for office space, courtrooms, and related utility costs, as well as partial funding of salary costs. Because City Court is fiscally dependent on the city, City Court was determined to be a component unit of the City of Franklin, the financial reporting entity. These financial statements report only the activities of City Court, the component unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about City Court as a whole. These statements include all the financial activities of City Court. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for City Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) court costs, fees, and fines paid by the recipients of services offered by City Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements (FFS)

City Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of City Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund of City Court is considered to be a major fund. The funds of City Court are described below:

Governmental Funds –

General Fund – This fund is the primary operating fund of City Court and it account for the operations of City Court's office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City Court's policy.

Fiduciary Funds -

Fiduciary funds reporting focuses on net assets and changes in net assets. The only funds accounted for in this category by City Court are agency funds. The agency funds account for assets held by City Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting. The agency funds are as follows:

Fines and Costs Fund – accounts for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Advance Deposit Fund – accounts for advance deposits on suits filed by litigants.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available expendable financial resources during a given period. This fund uses fund balance as its measure of available expendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), and financial position. All assets and liabilities (whether current or non-current) associated with its activities are reported. Government-wide fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits includes all demand accounts, savings accounts, and certificates of deposits of City Court.

City Court has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. Under state law, City Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and City Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

Capital assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available (or describe other method of valuation). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. City Court maintains a threshold level of \$500 for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Office furniture	5 years
Equipment	5 years
Improvements	10-20 years
Restricted net assets	

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; and
2. Imposed by law through constitutional provisions or enabling legislation.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

E. Revenues, Expenditures, and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when City Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the funds financial statements, expenditures are classified as follows:

F. Budgeting and Budgetary Accounting

City Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the City Court Judge for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$250,000, a summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.
3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is not adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by City Court. Such amendments were not material in relation to the original appropriations.

G. Employee Retirement Benefits

Employees of City Court are included on the City of Franklin's payroll and participate in the same retirement systems as the employees of that entity.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(2) Cash and Interest-Bearing Deposits

Under state law, City Court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. City Court may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, City Court's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2005, City Court has cash and interest-bearing deposits (book balances) totaling \$83,857. These deposits are fully secured from by federal deposit insurance and not subject to custodial credit risk.

(3) Receivables

Receivables for fines and court costs were \$9,213. City Court maintains an allowance for uncollectibles for all fines and court costs believed to be uncollectible. As of June 30, 2005, the total amount of fines and court costs receivable totaled \$26,502 and the allowance for doubtful accounts totaled \$17,289.

(4) Capital Assets

The following is a summary of the changes in capital assets for the year:

	Balance, July 1, 2004	Additions	Deletions	June 30, 2005
Furniture, fixtures, and equipment	\$ 45,550	\$ -	\$ -	\$ 45,550
Less: Accumulated Depreciation	<u>31,532</u>	<u>2,937</u>	<u>-</u>	<u>34,469</u>
Net Capital Assets	<u>\$ 14,018</u>	<u>\$ (2,937)</u>	<u>\$ -</u>	<u>\$ 11,081</u>

Depreciation expense for the year ended June 30, 2005 was charged to the general government function.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Financial Statements (continued)

(5) Change in Fiduciary Fund's Unsettled Deposits

The following is a summary of the changes in unsettled deposits for the year:

	Balance, July 1, 2004	Additions	Reductions	Balance June 30, 2005
Fiduciary Fund Type - Agency Funds				
Advance deposit	\$ 56,343	\$ 73,622	\$ 69,707	\$ 60,258
Fines and costs	4,117	86,349	86,028	4,438
Totals	<u>\$ 60,460</u>	<u>\$ 159,971</u>	<u>\$ 155,735</u>	<u>\$ 64,696</u>

(6) On-Behalf Payments for Salaries and Benefits

GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, requires City Court to report on-behalf payments made by the City of Franklin to City Court's employees for salaries and related benefits. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the City of Franklin and not by City Court. For 2005, the City paid salaries and benefits to and for the Court Clerk, City Judge, Deputy Clerk, City Prosecutor, and secretary. On-behalf payments recorded as revenue and expenditures in the general fund financial statements for 2005 totaled \$80,626.

(7) Expenditures of City Court Paid by the City of Franklin

The cost of some expenditures for the operation of City Court, as required by Louisiana Revised Statute 13:1889, is paid by the City of Franklin, Louisiana. Such expenditures are not included in the accompanying financial statements.

(8) Contingencies – Asset Misappropriation

On April 18, 2005, the City Court reported a potential misappropriation of bond receipts to the Legislative Auditor's Office and the District Attorney for the Sixteenth Judicial District. A preliminary internal investigation identified approximately \$2,900 of bond receipts that were not deposited and cannot be accounted for. As a result of the investigation an employee has been terminated and has made restitution for the missing funds. Additional undeposited bond receipts which may have remained undiscovered during the investigation is not considered material by the management of the City Court.

REQUIRED SUPPLEMENTARY INFORMATION

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2005

	<u>Final Budget</u>	<u>Actual (Non-GAAP Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Fees, charges and commissions -			
Court costs, fees, and fines	\$ 39,875	\$ 49,645	\$ 9,770
Intergovernmental	8,500	-	(8,500)
Interest income	500	199	(301)
Miscellaneous	<u>1,400</u>	<u>165</u>	<u>(1,235)</u>
Total revenues	<u>50,275</u>	<u>50,009</u>	<u>(266)</u>
Expenditures:			
Current-			
General government-			
Operating services	29,665	36,602	(6,937)
Professional services	2,845	2,902	(57)
Materials and supplies	2,200	2,126	74
Travel and other charges	5,500	4,963	537
Capital Outlay	<u>8,500</u>	<u>-</u>	<u>8,500</u>
Total expenditures	<u>48,710</u>	<u>46,593</u>	<u>2,117</u>
Excess (deficiency) of revenues over expenditures	1,565	3,416	1,851
Fund balance, beginning	<u>15,756</u>	<u>15,756</u>	<u>-</u>
Fund balance, ending	<u>\$ 17,321</u>	<u>\$ 19,172</u>	<u>\$ 1,851</u>

See notes to budgetary comparison schedule.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Notes to Budgetary Comparison Schedule

(1) Basis of Accounting

The budget is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court. Such amendments were not material in relation to the original appropriations.

(2) Non-GAAP Reporting Reconciliation

Budgetary amounts adopted by City Court do not include on-behalf payments made by the City of Franklin to City Court's employees for salaries and related benefits. These on-behalf payments are reflected as a revenue and an expenditure in City Court's financial statements as required by GASB Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance. Actual amounts are reconciled on a non-GAAP basis for comparison to budget as follows:

	<u>As Reported</u>	<u>Adjustment to Budgetary Basis</u>	<u>Non-GAAP Basis</u>
Revenues:			
Intergovernmental	<u>\$ 80,626</u>	<u>\$ (80,626)</u>	<u>\$ -</u>
Expenditures:			
General government - Operating services	<u>\$ 117,228</u>	<u>\$ (80,626)</u>	<u>\$ 36,602</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

FIDUCIARY FUNDS

Fines and Costs Fund -

To account for the receipt and disbursement of bonds, fines, and costs from criminal proceedings to the appropriate governmental entity.

Advance Deposit Fund

To account for advance deposits on suits filed by litigants.

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana
Agency Funds

Combining Schedule of Assets and Liabilities
June 30, 2005

	<u>Advance Deposit Fund</u>	<u>Fines and Costs Fund</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 58,463	\$ 4,438	\$ 62,901
Due from litigants	<u>1,795</u>	<u>-</u>	<u>1,795</u>
Total assets	<u>\$ 60,258</u>	<u>\$ 4,438</u>	<u>\$ 64,696</u>
LIABILITIES			
Due to litigants	\$ 60,258	\$ -	\$ 60,258
Due to other governmental units	<u>-</u>	<u>4,438</u>	<u>4,438</u>
Total liabilities	<u>\$ 60,258</u>	<u>\$ 4,438</u>	<u>\$ 64,696</u>

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana
Agency Funds

Combining Schedule of Changes in Assets and Liabilities
Year Ended June 30, 2005

	Advance Deposit Fund	Fines and Costs Fund	Totals
ASSETS			
Balances, beginning of year as previously reported	\$ 56,343	\$ 4,117	\$ 60,460
Additions:			
Deposits-			
Civil suits and garnishments	73,622	-	73,622
Fines and court costs	-	86,349	86,349
Total additions	<u>73,622</u>	<u>86,349</u>	<u>159,971</u>
Total	<u>129,965</u>	<u>90,466</u>	<u>220,431</u>
Reductions:			
Deposits settles to:			
City Marshal	14,455	22,884	37,339
Garnishments		-	-
City Judge	22,407	-	22,407
Judge's Supplemental Comp Fund	8,843	-	8,843
Franklin City Court	11,560	-	11,560
Clerk of Court	10,433	-	10,433
Sheriff	1,214	-	1,214
Attorney	405	-	405
City of Franklin		43,539	43,539
St. Mary Parish Council		14,865	14,865
District Attorney	390	948	1,338
State Treasurer	-	2,152	2,152
LA Law Enforcement Comm.	-	372	372
LRS-HSCI Trust Fund	-	1,268	1,268
Total reductions	<u>69,707</u>	<u>86,028</u>	<u>155,735</u>
Balances, end of year	<u>\$ 60,258</u>	<u>\$ 4,438</u>	<u>\$ 64,696</u>
LIABILITIES			
Due to litigants and others, beginning of year	\$ 56,343	\$ 4,117	\$ 60,460
Additions	73,622	86,349	159,971
Reductions	<u>69,707</u>	<u>86,028</u>	<u>155,735</u>
Due to litigants and others, end of year	<u>\$ 60,258</u>	<u>\$ 4,438</u>	<u>\$ 64,696</u>

**REQUIREMENTS OF THE
LOUISIANA GOVERNMENTAL AUDIT GUIDE**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
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Mandy B. Self, CPA

* A Professional Accounting Corporation

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Terry G. Breaux, Judge
City Court of the City of Franklin
Franklin, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the City Court of the City of Franklin (hereinafter "City Court") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about City Court's compliance with certain laws and regulations during the period ended June 30, 2005 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year that exceeded \$20,000, nor were there any expenditures for public works made during the year that exceeded \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain a list of your immediate family members as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of you and all employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

183 South Beadle
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

4. Determine whether any of those employees included in the listing obtained from management were also included on the listing obtained from management as immediate family members.

None of the employees included on the list of employees provided by management [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a projected and amended budget for the fiscal year ending June 30, 2005.

6. Trace the budget adoption to adoption instruments.

Adoption of budget traced to executed process verbal.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by five percent (5 %) or more or if actual expenditures exceed budgeted amounts by five percent (5%) or more. (Note, state law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$250,000 or less and exempts special revenue funds whose expenditures drive revenue recognition-primarily federal funds.)

Actual revenues and expenses did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

8. Randomly select six (6) disbursements made during the period under examination and: (a) trace payments to supporting documentation as to proper amount and payee, (b) determine if payments were properly coded to the correct fund and general ledger account, and (c) determine whether payments received approval from proper authorities.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount, made to the correct payee, and properly coded to the correct fund and general ledger account.

Debt

9. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of banks loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

10. Examine payroll records for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances, which would indicate payments to employees that would constitute bonuses, advances, or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
October 27, 2005

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year ended June 30, 2005

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (6/30/05) --</u>						
<u>Internal Control:</u>						
2005-1	pre-1999	Inadequate segregation of functions exists within the accounting system.	N/A	No corrective action is planned. Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.	N/A	N/A
2005-2	2005	Cash collection logs for bond deposits were not reconciled to the related docket file on a periodic basis.	N/A	Policies were adopted and procedures implemented to ensure the proper documentation of receipts of bond deposits and the daily reconciliation of the deposits to the docket files.	Terry Breaux, Judge	Prior to report release

Compliance:

No items are reported in this section

PRIOR YEAR (6/30/04) --

Internal Control:

04-1 (IC) pre-1999 See item 2005-1 above.

Compliance:

No items are reported in this section

LOUISIANA ATTESTATION QUESTIONNAIRE

APPENDIX A

CITY COURT OF THE CITY OF FRANKLIN
Franklin, Louisiana

Louisiana Attestation Questionnaire
Year Ended June 30, 2005

Kolder, Champagne, Slaven & Company, LLC
1234 David Drive, Suite 105
Morgan City, LA 70380

In connection with your review of our financial statements as of June 30, 2005 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [☒] No [☐]

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No [☐]

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [☒] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.


Terry Breaux, Judge
City Court of the City of Franklin